

The development of Kazakhstan's potential as an oil producing nation is so important, the Kazakh constitution offers numerous legal protections for foreign investors and the Parliament has passed laws offering sizable tax advantages to firms willing to make investments in the country.

Among the "privileges and preferences" afforded outside investors through the Agency of the Republic of Kazakhstan on Investment are five-year long income and property tax holidays of up to 100 percent, additional tax holidays at a reduced rate, conferred land rights, and waivers on customs fees and tariffs on the importation of materials needed to continue building Kazakhstan's oil producing infrastructure.

These incentives are evidence of Kazakhstan's efforts to establish a viable democracy and free market economy after having broken away from communism less than a decade ago. "There is no way we can go back to the system we escaped from," said Zharmakhan Tuyakbai, the chairman of Kazakhstan's Majilis, the Lower House of the Parliament.

Tuyakbai is the equivalent of the speaker of the US House of Representatives and is a member of the majority Otan Party, which supports Nazarbayev.

Despite the large oil reserves in Kazakhstan, the country's three main oil refineries are operating far below capacity, according to government data. Oil deliveries were more than 50 percent below the combined capacity of the Shymkent, Pavlodar and Atyrau refineries in 1998, and the government calls upgrading the country's refining operations "a top priority."

Currently, Chevron and Mobil/Exxon are among the largest US investors in developing Kazakhstan's oil reserves.

Large as the challenge of drilling for oil is, a greater challenge lies in delivering these reserves to customers around the world. Kazakhstan is landlocked, so all of its oil must be delivered via pipeline or shipped through the Caspian Sea and through other oil producing states in the Middle East.

Oil is currently exported from Kazakhstan via a single pipeline running through Russia. But Kuanyshhev said the completion of a second pipeline to the Black Sea is expected to have what he called "an enormous impact" on Kazakhstan's role as an oil-producing nation.

Kuanyshhev said the Black Sea pipeline, scheduled to begin operations in the autumn of 2001, would nearly double the country's current oil output and open global markets for Kazakh oil for the first time in the country's history.

The politics of further pipeline development include some of the most complex issues facing Kazakhstan. An analysis of various pipeline options indicates that some proposals, like one examining a pipeline through Chechnya, are unworkable at this time because of continued warring there.

The Chechens have not recognized Russian rule over them since the disintegration of the Soviet Union and the absence of independence for Chechnya makes the chances for such a pipeline route slim.

Other options are complicated by US foreign policy, including various proposals involving Iran, a route that is considered by many to be the most direct way of delivering Kazakhstan's oil to world markets.

US sanctions against Iran and American opposition to more Iranian pipelines makes such options less viable, according to Kazakhstani officials, but an aide to Nazarbayev said the president is "satisfied with overall US relations" at this time.

Even if a Kazakh pipeline to Iran could be established, it's not likely Kazakhstan would consider membership in OPEC, with one government official saying that Kazakhstan's strategy for oil production and exportation is "inconsistent" with current OPEC policy.

Upon completion of the Black Sea pipeline next year, Kazakhstan is expected to focus on a long-range project to build a pipeline that would run directly to the Mediterranean Sea via Azerbaijan and Turkey.

A pipeline connecting Kazakhstan to the Mediterranean would represent a significant leap for the country, officials said. Not only would such a pipeline increase the country's total oil exports, it also would alleviate the strategic risks that can be associated with having to ship products through the Black Sea and the narrow passage that connects it to the Mediterranean.

The internal political implications are also considerable for Kazakhstan. Nazarbayev's Press Secretary, Asylbek K. Bisenbayev, said the means of exporting oil are even more important than increasing production if the country is to continue moving forward with free-market reforms.

"Oil is important to developing a middle-class in Kazakhstan," said Bisenbayev, underscoring the need to shrink the income gap between rich and poor. With the expansion of the country's middle-class also being a political imperative for the majority Otan Party, the future of democracy in Kazakhstan hinges in large part on tapping the oil beneath it.

APPOINTMENT OF JOE MCDADE, FORMER MEMBER OF PENNSYLVANIA 10TH DISTRICT FOR 36 YEARS

HON. DON SHERWOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 29, 2000

Mr. SHERWOOD. Mr. Speaker, I want to bring to the attention of the Members of the House the selection of their former colleague, Joe McDade, as Chairman of the Board of Trustees of Ford's Theatre Society. The Society is non-profit organization whose mission is to produce live entertainment on the historic stage at Ford's Theatre. Musicals and plays are produced at Ford's Theater that highlight our nation's multiculturalism and the diversity of American life.

Congressman McDade served with great distinction as the Representative of Pennsylvania's 10th District for 36 years. His contributions to the prosperity and well-being of his constituents are legendary in Pennsylvania and his service to his nation, particularly on the Appropriations Committee, is well known by the Members of this Chamber. He currently serves as Chairman of the Board of ETA, a respected government relations firm based in Washington.

Joe McDade is an excellent selection for Chairman of the Board at Ford's Theater Society. He has always been a strong advocate and genuine aficionado of the arts, having served on the Ford's Board since 1970 and on the Kennedy Center Board for 25 years, where he is a Trustee Emeritus. He is also a Trustee Emeritus at the University of Scranton, and serves as a Board member for Allied Services for the Handicapped.

Congressman McDade's achievements have been recognized by several organizations, including the National Parks and Recreation Association, the U.S. Chamber of Commerce, the Pennsylvania American Legion, the National Association of Defense Lawyers and the National Osteoporosis Association.

The Secretary of Defense awarded Congressman McDade the Medal for Distinguished Public Service, the highest civilian award that can be given by the Department of Defense, and Governor Tom Ridge honored Joe McDade's work by issuing an executive order establishing "Joe McDade Day."

I know that my colleagues would join me in congratulating Congressman McDade for his selection as Chairman of the Board for the Ford's Theater Society and wishing him the very best as he carries out his important new responsibilities.

INTRODUCING THE HEALTH CARE ACT

HON. RICHARD K. ARMEY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 29, 2000

Mr. ARMEY. Mr. Speaker, proudly I join my colleague from California, Mr. DOOLEY, in introducing the Health CARE Act. The word "CARE" in the title stands for Coverage, Access, Relief, and Equity. Mr. Dooley and I believe this legislation will provide those things for millions of uninsured Americans. We regard this new bipartisan bill as affordable and enactable, and we will work to pass it this year.

Identical legislation is being introduced in the Senate by a group composed of three Republicans, Senators JEFFORDS of Vermont, FRIST of Tennessee, and SNOWE of Maine, and two Democrats, Senators BREAU of Louisiana and LINCOLN of Arkansas.

The CARE Act creates a tax credit for the purchase of health insurance, and is to be the first in a series of measures that our bipartisan, bicameral group will propose to address the chronic problem of uninsurance in our country. Today, at any given moment, forty-four million Americans can be found who lack health-insurance coverage. They become uninsured for a variety of reasons, and it will take a variety of responses to address this growing problem.

I should note here that the CARE Act is very similar to a bill I introduced last summer under the title of the "Fair Care for the Uninsured Act" (H.R. 2362). The CARE Act differs from Fair Care mainly in being less costly and thus, I hope, more enactable. The basic principles of the two bills are the same, and I will continue to work for the enactment of Fair Care as my long-term objective. I will not let the perfect be the enemy of the good. The CARE Act is a good first step and a solid proposal in its own right.

Experts agree the uninsurance problem is caused in large part by Section 106 the Internal Revenue Code. Section 106 gives an extremely generous tax break for the purchase of health coverage, if it is purchased through one's place of employment but not if it is purchased elsewhere. This discriminates against